



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
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WASHINGTON DC 20350-1000

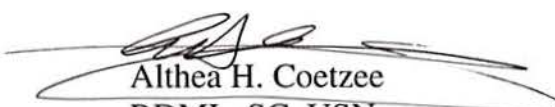
11 JUN 2013

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Other Transaction Authority for Prototype Projects

The attached Director, Defense Procurement and Acquisition Policy (DPAP) memorandum of May 23, 2013 is forwarded for your information and action, as appropriate. It informs the Department of Defense (DoD) Acquisition and Contracting community that Congress recently extended Section 845 of the National Defense Authorization Act for Fiscal Year 1994, P.L. 103-160 (as amended) to September 30, 2018. Section 845 "other transactions or OTs" authority allows DoD to enter into transactions other than contracts, grants, and cooperative agreements for certain prototype projects. It allows the Department to negotiate more flexible business arrangements to attract nontraditional defense contractors. Congress has asked DoD to review its use of Section 845 authority and make a recommendation as to whether the authority should be made permanent. To that end, DPAP requests that DoD components periodically review their Section 845 other transactions portfolios and, as part of the annual certification process to the Federal Procurement Data System, to verify that their data is accurate and complete. Components are also asked to assess the adequacy of their safeguards against abuse of the authority and to ensure that the individuals using it have the business acumen, training, and experience to operate within a less structured acquisition environment.

Further details are provided within the memorandum. My point of contact is Gabrielle Trickett, gabrielle.trickett@navy.mil, 703-614-9641.



Althea H. Coetzee
RDML, SC, USN
Executive Director
DASN (AP)

Attachment:
As stated

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ACQUISITION,
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MAY 23 2013

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND PROCUREMENT)
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(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
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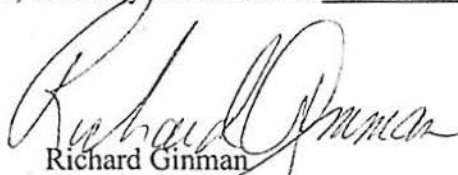
SUBJECT: Other Transaction Authority for Prototype Projects

Section 845 of the National Defense Authorization Act for Fiscal Year 1994, P.L. 103-160 (as amended) temporarily authorizes the Department of Defense to enter into transactions other than contracts, grants, or cooperative agreements for certain prototype projects. Such agreements are commonly referred to as "other transactions or OTs", and are generally not subject to procurement laws and regulations. This section 845 authority allows the Department to negotiate more flexible business arrangements to attract nontraditional defense contractors.

Congress recently extended this authority by five years to September 30, 2018, and asked the Department to review this authority and make a recommendation as to whether it should be made permanent. In order to support continued use of this acquisition instrument, we must make sure its use is consistent with section 845 and that applicable guidance provides appropriate safeguards against abuse.

I ask you to periodically review your section 845 OT portfolio and, as part of the annual certification process to the Federal Procurement Data System, verify that your data is accurate and complete. I also ask you to assess the adequacy of your safeguards and take appropriate steps to ensure that individuals using this authority have the business acumen, training, and experience needed to operate within a less structured environment. Taking these actions will provide a foundation for not only assessing the need to make section 845 authority permanent in the future but also a basis for doing so.

My point of contact is Mr. Victor Deal, who may be reached at victor.deal@osd.mil or 703-614-4840.


Richard Ginman
Director, Defense Procurement
and Acquisition Policy